

or in large part, from direct charges against employers, the most common practice being to require the employer to pay into a subsequent injuries fund an established amount where one of his employees is killed and leaves no dependent who would otherwise receive the death benefit. Two other important methods of financing subsequent injuries are (1) small percentage levies against insurance carriers and self-insurers based upon the amount of awards for permanent partial disability (four states), and (2) small percentage levies against carriers and self-insurers based upon total compensation payments or on premiums received (eight states).

In that report we further pointed out that Section 21, Article XX of the Constitution presently prevents any system of charges against employers or carriers for payment of subsequent injuries claims. However, the liabilities growing out of a combination of antecedent and subsequent injuries are merely another phase of workmen's compensation, the cost of which reasonably should be considered a part of the cost of doing business rather than a charge against the taxpayers of the State. On this basis, we believe it is desirable that some method be effectuated whereby the State's General Fund liability for subsequent injuries can be terminated. It is therefore our recommendation that the appropriate Constitutional Amendment be presented to the electorate.

In lieu of this course of action, it is suggested that the General Fund's subsequent injuries contribution should be shifted from the General Fund to some special fund more directly reflecting the cost of doing business or the benefits accruing to employees. Two possibilities are:

1. Department of Employment Contingent Fund, and
2. Unemployment Compensation Disability Fund.

The Contingent Fund is supported by fines, penalties and interest on contributions collected under California's Unemployment Insurance Act. The Unemployment Compensation Disability Fund is financed by a pay roll deduction against covered employees. Yearly incomes and balances of both funds are substantial and it appears that simple amendments to the Unemployment Insurance Act could accomplish the desired end.

Although a shift of the present appropriation from the General Fund to one of the special funds mentioned above would be a step in the direction of placing liability for subsequent injuries more nearly in conformity with the practice of other states, it should be pointed out that in neither of these cases would the liability and cost be strictly on the employer or upon the employees benefited, and in either case would require amendment to existing statutes governing these funds.

OFFICE OF FIRE MARSHAL

ITEM 157 of the Budget Bill

Budget page 471
Budget line No. 7

For Support of Office of Fire Marshal From the General Fund

| | |
|---|-----------|
| Amount requested ----- | \$275,482 |
| Estimated to be expended in 1951-52 Fiscal Year ----- | 262,201 |
| <hr/> | |
| Increase (5.1 percent) ----- | \$13,281 |

Summary of Increase

| | Total increase | INCREASE DUE TO | | Budget page | Line No. |
|--------------------------|-------------------|------------------------------------|-----------------|----------------|-------------|
| | | Work load or salary adjustments | New services | | |
| Salaries and wages ----- | \$12,387 | \$4,947 | \$7,440 | 471 | 79 |
| Operating expense ----- | 1,843 | 1,843 | --- | 472 | 19 |
| Equipment ----- | -949 | -949 | --- | 472 | 27 |
| Total increase ----- | \$13,281 | \$5,841 | \$7,440 | | |

RECOMMENDATIONS

| | |
|--|-----------|
| Amount budgeted ----- | \$275,482 |
| Legislative Auditor's recommendation ----- | 268,042 |
| Reduction ----- | \$7,440 |

ANALYSIS

Expenditures for support of the Office of Fire Marshal are proposed to be increased by \$13,281, or 5.1 percent, from \$262,201 anticipated to be expended during the current fiscal year to \$275,482 proposed for the 1952-53 Fiscal Year. With the exception of minor increases for merit salary adjustments and in operating expenses, almost the entire increase is occasioned by the request that three additional deputy state fire marshal, grade I, positions be approved at a total annual starting salary of \$11,160.

The need for these three positions is being based on an anticipated increase in total population in the State of California, estimated at approximately 10 percent, and the resultant effect of this increase upon the number of schools and places of public assemblage which will fall within the responsibility of the Office of the Fire Marshal. In other words, the purpose of these three positions is to provide primarily for an assumed additional work load in these two categories of building. We would like to point out that the estimated total population as of July 1, 1951, was 10,945,000, and for July 1, 1953, it will be 11,525,000. *This is an increase of 580,000, or only 5.3 percent.* Percentagewise, this is only slightly more than half of the amount of increase upon which the need for which these positions is being predicated.

Furthermore, we should like to point out that while a backlog of as yet unsurveyed existing places of public assemblage may be present, there will be almost no additions to this category of building, at least within the next fiscal year because of the stringent restrictions imposed by the National Production Authority on this type of structure. Consequently, it would appear to be entirely possible to pick up this backlog a little more slowly than is being anticipated for the purposes of this budget request.

With regard to the increased number of schools, we understand the basis of the work load estimates is the total number of schools as calculated by the State Department of Education. We would like to point out that during the current fiscal year and during the 1952-53 Fiscal Year an appreciable number of old, substandard school buildings will be eliminated and replaced by new, modern, single-story buildings with funds supplied from the recent \$250,000,000 state school bond issue. Additional schools will in most cases also be of the same type of construction. We suggest that initial surveys and subsequent reinspections of buildings,

the plans for which have already been approved by the State Fire Marshal, should require much less survey and inspection time than would be the case in older, poorly designed, and in many cases, multistory buildings. Furthermore, the school plants of many school districts will consist largely of these new buildings, and consequently, we suggest the possibility that instead of reinspecting each new building in each school district on an annual basis, reinspections be made annually only of all older buildings in each district, and on an annual rotating basis only one of each of the new school buildings, or new school plants, within a district.

The basis for this suggestion is first, that the new buildings are almost universally single story. Secondly, they are almost always single-row classrooms, or single-loaded, open-side corridors, with each classroom usually having two direct exits to the streets, grounds, or walks adjacent to the buildings. When there are two, these exits are always on opposite sides of each classroom. Third, in buildings having a centralized heating system, the unit is always isolated in a separate building, and in those having building unit heaters, the heaters are always housed in special rooms constructed to approved standards of fire resistance. Fourth, since all plans for new school buildings have first been approved by the Fire Marshal and construction of the buildings has subsequently been inspected for conformity with plans by the State Division of Architecture, all materials and all methods of construction meet the minimum standard for fire resistance. Also, the approved plans include the necessary attic separations where indicated, special exits where indicated, adequate and accessible fire hose equipment, and adequate separation of buildings. Consequently, we believe that it is possible to charge the school district superintendent with the operation of the new buildings in conformity with the Fire Marshal's regulations and to make "spot" inspections as suggested.

In view of the foregoing, we recommend deletion of two of the three new positions at a saving of \$7,440.

**Department of Investment
DIVISION OF BANKING**

ITEM 158 of the Budget Bill

Budget page 473
Budget line No. 7

For Support of Division of Banking From the State Banking Fund

| | |
|---|-----------|
| Amount requested | \$310,798 |
| Estimated to be expended in 1951-52 Fiscal Year | 306,514 |
| Increase (1.4 percent) | \$4,284 |

Summary of Increase

| | Total increase | INCREASE DUE TO | | Budget page | Line No. |
|-----------------------------|-------------------|------------------------------------|-----------------|----------------|-------------|
| | | Work load or salary adjustments | New services | | |
| Salaries and wages | \$4,386 | \$4,386 | --- | 473 | 65 |
| Operating expense | 2,116 | 2,116 | --- | 474 | 19 |
| Equipment | -2,218 | -2,218 | --- | 474 | 28 |
| Total increase | \$4,284 | \$4,284 | --- | | |